

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

Charter Township of Van Buren

**Financial Report
with Supplemental Information
December 31, 2007**

Charter Township of Van Buren

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Independent Auditor's Report

To the Township Board
Charter Township of Van Buren
Wayne County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Van Buren as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Van Buren's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the Township's 2006 financial statements and, in our report dated May 7, 2007, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Van Buren as of December 31, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Township Board
Charter Township of Van Buren

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Van Buren's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The financial statements include partial prior year comparative information. Such information does not include all of the information required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Township's financial statements for the year ended December 31, 2006, from which such partial information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2008 on our consideration of the Charter Township of Van Buren's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Plante & Moran, PLLC

May 7, 2008

Charter Township of Van Buren

Management's Discussion and Analysis

Overview of the Financial Statements

The Charter Township of Van Buren's 2007 annual report is presented in conformity with the requirements of GASB 34. This annual report consists of four parts - management's discussion and analysis, the basic financial statements, required supplemental information, and other supplemental information that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

Government-wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid (full accrual).

The two government-wide statements report the Township's net assets and how they have changed. Net assets, the difference between the Township's assets and liabilities, are one way to measure the Township's financial health or position.

The government-wide financial statements of the Township are divided into three categories:

- **Governmental activities** - Most of the Township's basic services are included here, such as the police, fire, public works, community services, and general administration. Property taxes, state-shared revenue, landfill royalties, and charges for services provide most of the funding.
- **Business-type activities** - The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer system is treated as a business-type activity.
- **Component units** - The Township includes two other entities in its report: the Downtown Development Authority and the Local Development Financing Authority. Although legally separate, these "component units" are important because the Township is financially accountable for them.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds - not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by state law and bond covenants. The Township board establishes other funds to control and manage money for particular purposes.

The Township has three types of funds:

- Governmental funds - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets that can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.
- Proprietary funds - Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like government-wide statements, provide both long- and short-term financial information.
- Fiduciary funds - The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

Financial Overview

The Township has combined total net assets of \$103.2 million. This is an increase over 2006 of \$7.0 million. Business-type activities comprise \$74.1 million, and governmental activities make up \$29.2 million of the total net assets. In a condensed format, the table below shows a comparison of the net assets as of the current date to the prior year (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current assets	\$ 20,578	\$ 21,955	\$ 48,054	\$ 18,274	\$ 68,632	\$ 40,229
Noncurrent assets	<u>22,291</u>	<u>17,635</u>	<u>57,400</u>	<u>68,491</u>	<u>79,691</u>	<u>86,126</u>
Total assets	42,869	39,590	105,454	86,765	148,323	126,355
Liabilities						
Current liabilities	8,611	5,394	10,616	9,362	19,227	14,756
Long-term liabilities	<u>5,096</u>	<u>5,399</u>	<u>20,760</u>	<u>9,925</u>	<u>25,856</u>	<u>15,324</u>
Total liabilities	<u>13,707</u>	<u>10,793</u>	<u>31,376</u>	<u>19,287</u>	<u>45,083</u>	<u>30,080</u>
Net Assets						
Invested in capital assets -						
Net of related debt	16,644	15,100	37,615	37,400	54,259	52,500
Restricted	916	1,251	24,937	19,663	25,853	20,914
Unrestricted	<u>11,602</u>	<u>12,446</u>	<u>11,526</u>	<u>10,415</u>	<u>23,128</u>	<u>22,861</u>
Total net assets	<u>\$ 29,162</u>	<u>\$ 28,797</u>	<u>\$ 74,078</u>	<u>\$ 67,478</u>	<u>\$ 103,238</u>	<u>\$ 96,275</u>

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, decreased by \$844,000 for the governmental activities. The Township is able to report positive balances in all three categories of net assets, both for the governmental activities and business-type activities.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets for 2007 (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue						
Program revenue:						
Charges for services	\$ 2,294	\$ 1,857	\$ 6,176	\$ 5,540	\$ 8,470	\$ 7,397
Operating grants and contributions	470	763	-	-	470	763
Capital grants and contributions	636	5,918	353	1,223	989	7,141
General revenue:						
Property taxes	4,391	3,911	6,049	5,436	10,440	9,347
State-shared revenue	1,991	1,993	-	-	1,991	1,993
Unrestricted fees and other	287	258	-	-	287	258
Unrestricted investment earnings	906	824	1,856	1,432	2,762	2,256
Landfill royalties	2,824	2,979	-	-	2,824	2,979
Total revenue	13,799	18,503	14,434	13,631	28,233	32,134
Program Expenses						
General government	2,919	2,623	-	-	2,919	2,623
Public safety	8,447	7,996	-	-	8,447	7,996
Public works	649	1,324	-	-	649	1,324
Community and economic development	224	470	-	-	224	470
Recreation and culture	1,195	1,489	-	-	1,195	1,489
Water and sewer	-	-	7,834	7,028	7,834	7,028
Total program expenses	13,434	13,902	7,834	7,028	21,268	20,930
Change in Net Assets	\$ 365	\$ 4,601	\$ 6,600	\$ 6,603	\$ 6,965	\$ 11,204

Governmental Activities

Revenues for governmental activities totaled \$13.8 million. A total of \$4.4 million was in the form of property tax collections. Charges for services such as court fines, building permits, and recreation fees accounted for \$2.3 million in revenue. State-shared revenues continue to be of concern. While they provided \$2.0 million, we are uncertain what will happen in 2008 given the State's continued financial difficulties. Landfill royalties brought in \$2.8 million in 2007.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

Business-type Activities

The Charter Township of Van Buren has one business-type activity, the water and sewer operation. Revenues for business-type activities were \$14.4 million. Water is provided to the Charter Township of Van Buren's residents via the Detroit Water and Sewer Department. Sewage treatment is provided by contracts with South Huron Valley Utility Authority, Wayne County, the Downriver Sewage System, and the Ypsilanti Community Utility Authority.

Current Economic Events

The Charter Township of Van Buren has concluded a year in which the board was able to fund capital improvements and maintain a high quality level of service while the Township continues to transition from what was once a small, rural, agricultural community. Since 1975, we have increased in population from 9,331 residents to 27,359 residents in 2006, or approximately 193 percent in 32 years.

In 2007, voters in Van Buren Township supported a one mill increase in public safety millage. Voters approved increasing public safety millage from the long-standing three mills to four mills for a period of five years to commence with the 2007 tax collection, which funds the 2008 calendar/fiscal year of department operations. The extra mill will provide the Township approximately \$1.3 million in additional funding to be specifically used for public safety services. The millage will provide for the hiring of four additional police officers so that more officers may be deployed in the Township. It will also fund the formation of a Special Investigations Unit, for which four more officers are anticipated to be hired in early 2008. The Township will add an additional duty crew to the current 20-hour crew that has been in place for the past few years and expand the current duty crew so that two 24-hour, seven-day per week duty crews, one assigned to each fire station, will be operational with additional paid call fire fighters anticipated to be hired along with four who were hired in 2007.

In 2007, the Township's largest employers were Visteon Corporation, Willow Run Airport (owned by Wayne County), Van Buren Public Schools, and L&W Engineering. Also among the top 10 largest employers are Meijer, JP Morgan (Chase), Ricardo, DTE Energy, Murray's Discount Auto Parts, and WalMart. The number of people these companies employ ranges from 240 to 2,400 individuals.

Differing somewhat from the largest employers, the Township's largest taxpayers include Visteon Corporation, Harbour Detroit Square, Inc., Ecorse-Belleville, LLC, Ashley Crossroads South, LLC, Bank One, Detroit Edison Co., Occidental Development, Ltd., Contractors Steel Company, L&W Engineering Co., and General Motors Corporation.

The Township's state equalized valuation totals \$1,629,021,712, with a taxable value of \$1,293,801,446. Taxable valuations by use are residential 63.01 percent, industrial 19.54 percent, commercial 15.20 percent, and agricultural 0.30 percent.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

The Township has an A rating from Standard and Poor's and an A3 rating from Moody's. These ratings are defined as meaning the Township "has strong capacity to meet its financial commitments, but is somewhat more susceptible to the adverse effects of changes in circumstance and economic conditions than obligors in higher-rated categories. Protection factors are adequate." These ratings are among the highest possible and are considered "investment grade" with respect to bonding and permit the Township to enjoy more favorable interest rates when incurring debt.

In 2007, the only staffing increases that occurred were in the Public Safety Department, as a result of passage of the millage, with the Township employing a total of 148 full- and part-time employees, not including seasonal employees, representing just over .50 percent of the Township's population. Of the township's 148 employees, 102 are assigned to the Public Safety Department with several police officers cross-trained in fire fighting. Three positions, one in Developmental Services and two in the DPW, are vacant and will remain so for the time being.

Several collective bargaining agreements were ratified in 2007; among them, the AFSCME contract and those of the Police Officers Labor Council for Command Officers as well as the contract for POLC Patrol Officers and Dispatchers. Management is in contract talks with the Michigan Association of Fire Fighters.

In 2007, the Township become a member of the Alliance of Downriver Watersheds to foster regional cooperation in addressing mutual environmental issues facing the Downriver watershed, and to communicate with one voice to the State of Michigan with regard to permitting and other requirements that may be imposed upon the communities.

The Township continued to deploy the \$2.6 million automatic water meter reading system throughout the Township. This project will replace approximately 7,000 industrial, commercial, and residential water meters in the Township with meters than can be read through wireless technology with a goal of achieving more accurate readings, to reduce manpower spent manually reading meters, and to more quickly detect anomalies (leaks, etc.) in readings. The project is expected to be completed in 2008.

Improvements to Van Buren Parks include development of Riggs Heritage Park, the front entrance to Van Buren Park, and new play equipment being installed at Haggerty Subdivision Park. All of these improvements were made possible with the \$2 million Wayne County parks grant the Township was awarded two years ago.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

In 2007, the financial situation facing Michigan continued to be serious. The Township, like other local governments, has been impacted not only by Michigan's economy but also by the structural funding problems caused by the well-intentioned but competing Headlee Act and Proposal A which limit growth in taxes. In the Township, we are experiencing an ever-increasing reliance upon landfill tipping fees to provide needed revenue to continue routine, municipal services. In 2007, the \$13.2 million General Fund budget was financed with a \$3.3 million transfer of Landfill Funds. The Township's ability to receive landfill tipping fees is a result of the Host Community Agreement (the HCA) which the Township entered into in 1990 with Waste Management, Inc. (WMI) in return for WMI locating a sanitary landfill in the Township. The HCA also provides for free garbage collection, disposal, and curbside recycling and compost pick-up to Township residents. Absent the HCA benefits, these services would otherwise cost Van Buren taxpayers more than \$2 million annually or about two mills in property taxes. The HCA also provides funding for the Township's annual fireworks display and provides annual royalties earmarked for public safety, recreation, and environmental services, with revenues totaling over \$350,000.

The 2007 property tax revenue resulted from the 2006 millage rate of 3.882 mills. The millage rate was reduced due to the Headlee Act (rollback) from 2005 of 3.8864 mills and includes a 0.9144 mill for general operating, and 2.9676 mills (voter approved) for public safety services.

Financial Analysis of Township Funds and Budgets

The 2007 General Fund had a balanced budget in accordance with statute of \$13.2 million as amended prior to year end. The General Fund budget was reduced almost 4 percent in late 2007. The most notable reduction was in the Developmental Services Department in which an account clerk position was left vacant, and in the Parks and Recreation Departments in which printing and publishing expenses were lowered and capital projects were deferred to 2008. Overtime was kept to a minimum with the Developmental Services Department, not surprisingly, realizing a 49.17 percent decrease in overtime costs.

Representing approximately 15 percent of General Fund revenues, state-shared revenue (SSR) was held at the 2004 level for 2007. SSR has been reduced annually for the past several years. In 2007, roughly 24 percent of General Fund revenues came from landfill monies. Property taxes generate approximately 32 percent of the operating revenue for General Fund services, with about 29 percent of General Fund revenues derived from licenses, permits, and other miscellaneous revenue.

Development continued at a much slower pace in the Township than had occurred in years prior to 2006. In 2001, 4,669 new house/condo, electrical, mechanical, and plumbing permits were issued by the Developmental Services Department. In 2004, 4,889 permits were issued. In 2007, as a result of Michigan's economy, only 2,046 permits were issued, with 73 of those being for new houses/condos. General Fund revenues realized a corresponding downturn of about \$300,000 in 2007 as compared to 2005.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

As with any service organization, wages and benefits are the largest expenditure and in the Township, they represent roughly 67 percent of the General Fund operating costs. The Public Safety Department is the largest General Fund department in terms of amount of employees (mostly officers and fire fighters) and cost to operate.

Relative to Township-initiated capital improvements, the new 12,000 square foot Fire Station #1 at the corner of Sumpter and Hull Roads was completed in 2007 at a cost of \$3.4 million, and financed with a 15-year bond that was issued in 2006 to finance the cost of the station and the purchase of 42 acres of vacant property across from Township Hall. This new station completed the capital improvements planned for public safety operations for the time being.

In the Police Division, modest renovations were made to the men's locker room and squad room to provide needed space for police personnel. At a cost of less than \$30,000, these improvements, including new lockers for both male and female officers, were made possible through Downtown Development Authority funding.

Work continued on the Township's equalization storage basin and Haggerty Road forced sewer main. This project started in 2007 and is expected to be complete in 2008. The purpose for constructing this 1.2 million gallon basin is to store wet weather flows during significant wet weather events to prevent basement flooding and to guard against the Township exceeding its contractual capacities in the various sewer systems to which it belongs. The forced main will be used to transport flows to the basin for eventual discharge into the South Huron Valley Utility System. The cost for this almost \$16 million project is being financed with a State of Michigan "revolving fund" loan with a 1.625 percent interest rate.

The Township board has been able to maintain a fund balance in the General Fund, both designated and undesignated, of about \$2.9 million. Among the uses for designated funds are future land and municipal facilities needs, computer networking, compensated absences, French Landing Dam reserve, and senior bequest reserve.

All financial operations of the Township are monitored on a routine basis with monthly financial reports being provided to the board of trustees and department directors. Appropriate accounting measures are in place to ensure proper checks and balances among and between accounting functions and in accordance with recommendations from professional accountants and the Governmental Accounting Standards Board.

The General Fund budget is amended throughout the year as deemed necessary. This is done primarily to prevent expenditures from being over budget.

Capital Assets and Debt

At the end of 2007, the Township had approximately \$79 million invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines, net of related accumulated depreciation.

Charter Township of Van Buren

Management's Discussion and Analysis (Continued)

Debt related to the water and sewer system totaling \$20.7 million is recorded as a liability in the business-type activities in the statement of net assets (deficit). Debt related to capital improvements of \$4.9 million is recorded as a liability in the governmental-type activities on the same statement.

Contact Us

This report is intended to aid our residents and other interested parties in understanding the Township's financial condition and to show the Township's accountability for money it receives. Should you have further questions, we welcome you to contact the clerk's office.

Charter Township of Van Buren

Statement of Net Assets (Deficit) December 31, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 13,173,133	\$ 13,192,748	\$ 26,365,881	\$ 7,220,370
Receivables - Net:				
Property taxes	5,382,823	4,762,583	10,145,406	-
Special assessments	1,206,741	1,087	1,207,828	-
Customers	-	2,006,003	2,006,003	-
Accrued interest and other receivables	281,437	109,389	390,826	-
Other receivables	876	-	876	-
Due from other governmental units	404,805	484,591	889,396	-
Prepaid expenses	128,224	28,176	156,400	-
Restricted assets (Note 7)	-	27,470,196	27,470,196	3,573,728
Investment in joint ventures	633,444	-	633,444	-
Capital assets:				
Assets not subject to depreciation (Note 4)	4,961,969	11,245,434	16,207,403	-
Assets subject to depreciation - Net (Note 4)	16,695,231	46,146,816	62,842,047	843,346
Amortizable noncurrent assets	-	-	-	171,247
Long-term assessment receivable	-	7,335	7,335	-
Total assets	42,868,683	105,454,358	148,323,041	11,808,691
Liabilities				
Accounts payable	557,534	1,552,969	2,110,503	12,948
Due to other governmental units	-	205,493	205,493	-
Cash bonds and deposits	550,460	890,497	1,440,957	-
Accrued and other liabilities	218,052	722,844	940,896	2,733,520
Deferred revenue (Note 14)	7,284,868	7,244,621	14,529,489	1,961,442
Noncurrent liabilities (Note 6):				
Due within one year -				
Current portion of long-term debt	327,670	1,422,987	1,750,657	733,030
Due in more than one year:				
Compensated absences	82,966	24,154	107,120	-
Long-term debt - Net of current portion	4,685,000	19,313,263	23,998,263	32,234,383
Total liabilities	13,706,550	31,376,828	45,083,378	37,675,323
Net Assets (Deficit)				
Invested in capital assets - Net of related debt	16,644,530	37,614,427	54,258,957	843,346
Restricted for:				
Water and sewer line construction and debt (Note 7)	-	24,936,589	24,936,589	-
Museum capital projects	13,794	-	13,794	-
Debt service	-	-	-	3,022,647
Special assessments	168,639	-	168,639	-
Police and fire operations	123,248	-	123,248	-
911 Service	610,052	-	610,052	-
Unrestricted	11,601,870	11,526,514	23,128,384	(29,732,625)
Total net assets (deficit)	\$ 29,162,133	\$ 74,077,530	\$ 103,239,663	\$ (25,866,632)

The Notes to Financial Statements are an
Integral Part of this Statement.

Charter Township of Van Buren

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,919,257	\$ 267,132	\$ -	\$ 123,128
Public safety	8,446,822	1,678,697	125,800	138,758
Public works	649,387	5,235	124,112	4,125
Community and economic development	223,803	67,461	139,763	-
Recreation and culture	1,194,618	275,807	79,953	369,657
Total governmental activities	13,433,887	2,294,332	469,628	635,668
Business-type activities -				
Water and sewer	7,833,709	6,175,561	-	352,729
Total primary government	\$ 21,267,596	\$ 8,469,893	\$ 469,628	\$ 988,397
Component units:				
Downtown Development Authority	\$ 735,124	\$ -	\$ -	\$ -
Local Development Finance Authority	1,558,039	-	-	-
Total component units	\$ 2,293,163	\$ -	\$ -	\$ -
General revenues:				
Property taxes				
Supplemental tax revenue				
State-shared revenue				
Unrestricted investment income				
Cable franchise fees				
Landfill royalties				
Total general revenues				
Change in Net Assets (Deficit)				
Net Assets (Deficit) - Beginning of year				
Net Assets (Deficit) - End of year				

Statement of Activities
Year Ended December 31, 2007

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (2,528,997)	\$ -	\$ (2,528,997)	\$ -
(6,503,567)	-	(6,503,567)	-
(515,915)	-	(515,915)	-
(16,579)	-	(16,579)	-
(469,201)	-	(469,201)	-
(10,034,259)	-	(10,034,259)	-
-	(1,305,419)	(1,305,419)	-
(10,034,259)	(1,305,419)	(11,339,678)	-
-	-	-	(735,124)
-	-	-	(1,558,039)
-	-	-	(2,293,163)
4,390,890	6,049,349	10,440,239	3,776,150
-	-	-	175,000
1,991,414	-	1,991,414	-
906,007	1,855,962	2,761,969	433,053
286,638	-	286,638	-
2,824,010	-	2,824,010	-
10,398,959	7,905,311	18,304,270	4,384,203
364,700	6,599,892	6,964,592	2,091,040
28,797,433	67,477,638	96,275,071	(27,957,672)
\$ 29,162,133	\$ 74,077,530	\$ 103,239,663	\$ (25,866,632)

Charter Township of Van Buren

Governmental Funds Balance Sheet December 31, 2007

	General Fund	Landfill Fund	Capital Improvement Fund	Belle Harbor/Lake Crest Paving Fund	Other Nonmajor Governmental Funds	Total
Assets						
Cash and investments (Note 3)	\$ 5,632,642	\$ 5,974,335	\$ 609,738	\$ 98,557	\$ 857,861	\$ 13,173,133
Receivables:						
Property taxes	5,382,823	-	-	-	-	5,382,823
Special assessments	-	1,136,148	-	-	70,593	1,206,741
Accrued interest and other receivables	120,033	161,404	-	-	-	281,437
Other receivables	-	-	-	-	876	876
Due from other governmental units	345,514	-	-	748	58,543	404,805
Due from other funds (Note 5)	5,895	161,655	-	-	-	167,550
Prepaid expenditures	127,563	-	-	-	661	128,224
Total assets	\$ 11,614,470	\$ 7,433,542	\$ 609,738	\$ 99,305	\$ 988,534	\$ 20,745,589
Liabilities and Fund Balances (Deficit)						
Liabilities						
Accounts payable	\$ 370,990	\$ -	\$ 173,938	\$ -	\$ 12,606	\$ 557,534
Due to other funds	-	-	-	118,715	48,835	167,550
Cash bonds and deposits	550,460	-	-	-	-	550,460
Accrued and other liabilities	165,663	-	-	-	1,227	166,890
Deferred revenue (Note 14)	7,238,151	1,136,148	-	-	143,692	8,517,991
Total liabilities	8,325,264	1,136,148	173,938	118,715	206,360	9,960,425
Fund Balances (Deficit)						
Reserved for:						
Prepays	127,563	-	-	-	-	127,563
Special assessments	-	-	-	-	111,313	111,313
Law enforcement	-	-	-	-	123,248	123,248
911 service	-	-	-	-	610,052	610,052
Museum capital projects	-	-	-	-	9,811	9,811
Unreserved, reported in:						
General Fund:						
Designated (Note 13)	2,278,956	-	-	-	-	2,278,956
Undesignated	882,687	-	-	-	-	882,687
Special Revenue Funds:						
Designated	-	5,447,200	435,800	-	-	5,883,000
Undesignated	-	850,194	-	(19,410)	(72,250)	758,534
Total fund balances (deficit)	3,289,206	6,297,394	435,800	(19,410)	782,174	10,785,164
Total liabilities and fund balances (deficit)	\$ 11,614,470	\$ 7,433,542	\$ 609,738	\$ 99,305	\$ 988,534	\$ 20,745,589

The Notes to Financial Statements are an
Integral Part of this Statement.

Charter Township of Van Buren

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets (Deficit) December 31, 2007

Fund Balance Reported in Governmental Funds	\$	10,785,164
Amounts reported for governmental activities in the statement of net assets (deficit) are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		21,657,200
Investments in joint ventures are not financial resources and are not reported in the funds		633,444
Special assessment and property tax receivables are expected to be collected over several years and are not available to pay for current year expenditures		1,233,123
Long-term notes payable are not due and payable in the current period and are not reported in the funds		(5,012,670)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities		(82,966)
Interest amounts on long-term liabilities are not payable until due in the funds		(51,162)
Net Assets of Governmental Activities	\$	<u>29,162,133</u>

Charter Township of Van Buren

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) Year Ended December 31, 2007

	General Fund	Landfill Fund	Capital Improvement Fund	Belle Harbor/Lake Crest Paving Fund	Other Nonmajor Governmental Funds	Total
Revenue						
Property taxes	\$ 4,390,890	\$ -	\$ -	\$ -	\$ -	\$ 4,390,890
Licenses, fees, and permits	716,136	-	-	-	-	716,136
Federal grants	6,000	-	-	-	117,734	123,734
State-shared revenue and grants	1,991,414	-	-	-	-	1,991,414
Charges for services	226,230	-	-	-	-	226,230
Fines and forfeitures	954,427	-	-	-	-	954,427
Investment income	401,456	379,539	87,996	-	37,016	906,007
Other revenue:						
Special assessments	-	253,661	-	-	16,418	270,079
Contributions and donations	-	-	-	-	79,953	79,953
Cable franchise fees	286,638	-	-	-	-	286,638
Landfill royalties	-	2,824,010	-	-	-	2,824,010
Other income	1,429,139	-	-	-	119,800	1,548,939
Total revenue	10,402,330	3,457,210	87,996	-	370,921	14,318,457
Expenditures - Current						
General government	2,726,845	-	-	-	-	2,726,845
Public safety	7,558,825	-	4,090,774	-	36,880	11,686,479
Public works	166,179	-	-	483,208	-	649,387
Community and economic development	-	-	-	-	139,399	139,399
Recreation and culture	2,243,366	-	-	-	83,259	2,326,625
Insurance and other	588,480	-	-	-	-	588,480
Total expenditures	13,283,695	-	4,090,774	483,208	259,538	18,117,215
Excess of Revenue Over (Under) Expenditures	(2,881,365)	3,457,210	(4,002,778)	(483,208)	111,383	(3,798,758)
Other Financing Sources (Uses)						
Transfers in	3,300,000	-	1,199,046	1,340,726	-	5,839,772
Transfers out	-	(5,839,772)	-	-	-	(5,839,772)
Total other financing sources (uses)	3,300,000	(5,839,772)	1,199,046	1,340,726	-	-
Net Change in Fund Balances	418,635	(2,382,562)	(2,803,732)	857,518	111,383	(3,798,758)
Fund Balances (Deficit) - Beginning of year	2,870,571	8,679,956	3,239,532	(876,928)	670,791	14,583,922
Fund Balances (Deficit) - End of year	\$ 3,289,206	\$ 6,297,394	\$ 435,800	\$ (19,410)	\$ 782,174	\$ 10,785,164

The Notes to Financial Statements are an
Integral Part of this Statement.

Charter Township of Van Buren

Governmental Funds **Reconciliation of the Statement of Revenue, Expenditures,** **and Changes in Fund Balances of Governmental Funds** **to the Statement of Activities** **Year Ended December 31, 2007**

Net Change in Fund Balances - Total Governmental Funds	\$ (3,798,758)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	4,770,824
Depreciation expense	(1,026,419)
Capital contributions are not a current financial resource	290,386
Proceeds from asset sales are recorded in the governmental funds; on the statement of activities, a gain is recorded	(12,830)
Investments in joint ventures are not financial resources and are not reported in the funds	633,444
Revenues are recorded in the statement of activities when they are earned; they are not reported in the funds until collected or collectible within 60 days of year end	(797,426)
Governmental funds report principal payments of the debt as expenditures; these principal payments are a reduction to the liability in the statement of net assets (deficit)	314,139
The change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(11,010)
Interest is recorded as it accrues in the statement of activities	2,350

Change in Net Assets of Governmental Activities	\$ <u>364,700</u>
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Charter Township of Van Buren

Proprietary Funds - Enterprise - Water and Sewer Statement of Net Assets

December 31, 2007

(with comparative information for 2006)

	2007	2006
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 13,192,748	\$ 10,617,273
Receivables:		
Property taxes	4,762,583	5,224,592
Special assessments	1,087	1,288
Customers	2,006,003	1,536,733
Accrued interest	109,389	74,213
Due from other governmental units	484,591	798,318
Prepaid expenses	28,176	21,258
Total current assets	20,584,577	18,273,675
Noncurrent assets:		
Restricted assets (Note 7)	27,470,196	21,179,482
Capital assets:		
Assets not subject to depreciation (Note 4)	11,245,434	1,941,750
Assets subject to depreciation - Net (Note 4)	46,146,816	45,361,326
Long-term assessments receivable	7,335	8,822
Total noncurrent assets	84,869,781	68,491,380
Total assets	105,454,358	86,765,055
Liabilities		
Current liabilities:		
Accounts payable	1,552,969	1,228,678
Due to other governmental units	205,493	205,493
Refundable deposits, bonds, etc.	890,497	1,133,698
Accrued and other liabilities	722,844	653,349
Deferred revenue (Note 14)	7,244,621	6,140,786
Current portion of long-term debt (Note 6)	1,422,987	642,675
Total current liabilities	12,039,411	10,004,679
Noncurrent liabilities:		
Compensated absences	24,154	22,014
Long-term debt - Net of current portion (Note 6)	19,313,263	9,260,724
Total noncurrent liabilities	19,337,417	9,282,738
Total liabilities	31,376,828	19,287,417
Net Assets		
Invested in capital assets - Net of related debt	37,614,427	37,399,677
Restricted (Note 7)	24,936,589	19,662,837
Unrestricted	11,526,514	10,415,124
Total net assets	\$ 74,077,530	\$ 67,477,638

Charter Township of Van Buren

Proprietary Funds - Enterprise - Water and Sewer Fund Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2007 (with comparative information for 2006)

	2007	2006
Operating Revenue		
Water sales	\$ 2,661,451	\$ 2,379,878
Sewage disposal revenue	1,961,554	1,790,104
Water and sewer service charge	1,261,088	1,088,597
Customer penalties	142,809	129,011
Other revenues	148,659	152,448
Total operating revenue	6,175,561	5,540,038
Operating Expenses		
Water purchase	2,327,882	2,037,063
Sewage disposal charges	1,348,103	1,218,247
Maintenance	65,194	62,983
Administration fee	494,772	402,539
Other expenses	110,290	116,916
Salaries and wages	703,281	692,340
Payroll taxes and fringe benefits	333,128	325,401
Insurance	161,702	163,254
Supplies and materials	36,568	40,165
Engineering fees	17,144	15,058
Professional services	230,597	64,662
Vehicle expense	35,961	28,704
Depreciation and amortization	1,618,108	1,598,550
Total operating expenses	7,482,730	6,765,882
Operating Loss	(1,307,169)	(1,225,844)
Nonoperating Revenue (Expense)		
Property tax revenue	6,049,349	5,436,448
Investment income	1,855,962	1,432,439
Interest expense	(350,979)	(262,613)
Income - Before contributions	6,247,163	5,380,430
Capital Contributions - Capital charge	352,729	1,222,246
Change in Net Assets	6,599,892	6,602,676
Net Assets - Beginning of year	67,477,638	60,874,962
Net Assets - End of year	\$ 74,077,530	\$ 67,477,638

Charter Township of Van Buren

Proprietary Funds - Enterprise - Water and Sewer Fund

Statement of Cash Flows

Year Ended December 31, 2007

(with comparative information for 2006)

	2007	2006
Cash Flow from Operating Activities		
Receipts from customers	\$ 5,522,456	\$ 5,181,462
Payments to suppliers	(4,763,845)	(2,508,804)
Payments to employees	(1,051,686)	(1,021,125)
Other receipts	148,659	150,971
Net cash (used in) provided by operating activities	(144,416)	1,802,504
Cash Flows from Capital and Related Financing Activities		
Proceeds from debt issuance	11,574,066	954,093
Collection of customer special assessments	1,688	2,387
Capital contribution	-	182,099
Proceeds from property tax levy	7,615,193	5,303,807
Purchase of capital assets	(11,124,001)	(1,792,418)
Principal and interest paid on capital debt	(736,884)	(862,410)
Increase in monies held at Wayne County for debt retirement	(151,764)	(161,513)
Net cash provided by capital and related financing activities	7,178,298	3,626,045
Cash Flows from Investing Activities - Interest received on investments	1,773,772	1,203,978
Net Increase in Cash and Cash Equivalents	8,807,654	6,632,527
Cash and Cash Equivalents - Beginning of year	30,280,110	23,647,583
Cash and Cash Equivalents - End of year	<u>\$ 39,087,764</u>	<u>\$ 30,280,110</u>
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and investments	\$ 13,192,748	\$ 10,617,273
Restricted investments	25,895,016	19,662,837
Total cash and cash equivalents	<u>\$ 39,087,764</u>	<u>\$ 30,280,110</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (1,307,169)	\$ (1,225,844)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	1,618,108	1,598,550
Changes in assets and liabilities:		
Receivables	(504,446)	(235,320)
Due from others	-	(6,387)
Prepaid and other assets	(6,918)	(1,477)
Accounts payable	324,291	844,332
Due from other governmental units	-	29,192
Accrued and other liabilities	(268,282)	799,458
Net cash (used in) provided by operating activities	<u>\$ (144,416)</u>	<u>\$ 1,802,504</u>

Noncash Investing, Capital, and Financing Activities - The Township has assets held at Wayne County for the purpose of financing water and sewer lines. During the year ended December 31, 2007, interest income of \$82,190 was earned on these assets and \$45,301 was expended for interest payments. Additionally, the Water and Sewer Fund received \$352,729 of water and sewer lines donated by developers. These lines were recorded as capital assets.

Charter Township of Van Buren

Fiduciary Fund - Agency Fund Statement of Fiduciary Net Assets December 31, 2007

Assets - Cash and cash equivalents	<u>\$ 1,128,932</u>
Liabilities - Due to other governmental units	<u>\$ 1,128,932</u>

Charter Township of Van Buren

Component Units Statement of Net Assets (Deficit) December 31, 2007

	DDA	LDFA	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 6,262,938	\$ 957,432	\$ 7,220,370
Restricted assets (Note 7)	1,268,992	2,304,736	3,573,728
Capital assets - Assets subject to depreciation - Net (Note 4)	843,346	-	843,346
Unamortized net bond issuance costs	-	171,247	171,247
Total assets	8,375,276	3,433,415	11,808,691
Liabilities			
Accounts payable	12,948	-	12,948
Accrued liabilities	89,059	2,644,461	2,733,520
Deferred revenue	968,193	993,249	1,961,442
Long-term debt (Note 6)	7,743,739	25,223,674	32,967,413
Total liabilities	8,813,939	28,861,384	37,675,323
Net Assets (Deficit)			
Invested in capital assets - Net of related debt	843,346	-	843,346
Restricted for debt service	1,268,992	1,753,655	3,022,647
Unrestricted	(2,551,001)	(27,181,624)	(29,732,625)
Total net deficit	<u>\$ (438,663)</u>	<u>\$ (25,427,969)</u>	<u>\$ (25,866,632)</u>

Charter Township of Van Buren

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Downtown Development Authority -				
Governmental activities:				
Public safety	\$ 124,002	\$ -	\$ -	\$ -
Community and economic development	241,519	-	-	-
Interest on long-term debt	369,603	-	-	-
Total Downtown Development Authority	735,124	-	-	-
Local Development Financing Authority -				
Governmental activities:				
Community and economic development	57,952	-	-	-
Interest on long-term debt	1,500,087	-	-	-
Total Local Development Finance Authority	1,558,039	-	-	-
Total component unit activities	\$ 2,293,163	\$ -	\$ -	\$ -
General revenues:				
Property taxes				
Supplemental tax revenue				
Unrestricted investment income				
Total general revenues				
Change in Net Assets				
Net Deficit - Beginning of year				
Net Deficit - End of year				

Component Units
Statement of Activities
Year Ended December 31, 2007

Net (Expense) Revenue and Changes in Net Assets

<u>DDA</u>	<u>LDFA</u>	<u>Total</u>
\$ (124,002)	\$ -	\$ (124,002)
(241,519)	-	(241,519)
<u>(369,603)</u>	<u>-</u>	<u>(369,603)</u>
(735,124)	-	(735,124)
-	(57,952)	(57,952)
<u>-</u>	<u>(1,500,087)</u>	<u>(1,500,087)</u>
-	(1,558,039)	(1,558,039)
<u>(735,124)</u>	<u>(1,558,039)</u>	<u>(2,293,163)</u>
2,159,825	1,616,325	3,776,150
-	175,000	175,000
<u>320,963</u>	<u>112,090</u>	<u>433,053</u>
<u>2,480,788</u>	<u>1,903,415</u>	<u>4,384,203</u>
1,745,664	345,376	2,091,040
<u>(2,184,327)</u>	<u>(25,773,345)</u>	<u>(27,957,672)</u>
<u>\$ (438,663)</u>	<u>\$ (25,427,969)</u>	<u>\$ (25,866,632)</u>

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 1 - Nature of Business and Significant Accounting Policies

The accounting policies of the Charter Township of Van Buren (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Van Buren:

Reporting Entity

The Charter Township of Van Buren is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

Discretely Presented Component Units

The Downtown Development Authority (the DDA) was created to correct and prevent deterioration in a specific district, encourage historical preservation, and to promote economic growth within the specific district. The DDA's governing body, which consists of 11 individuals, is selected by the board of trustees. In addition, the DDA's budget is subject to approval by the board of trustees. Complete financial reports can be obtained from the Charter Township of Van Buren at 46425 Tyler Road, Van Buren Township, Michigan 48111.

The Local Development Financing Authority (the LDFA) was created to encourage local development to prevent conditions of unemployment and promote economic growth. This purpose is accomplished by the LDFA by collecting captured property taxes under a tax increment financing plan in accordance with state law and budgeting expenditures for improvements in the LDFA's district boundaries. The LDFA's governing body, which consists of 11 individuals, is selected by the board of trustees. Complete financial reports can be obtained from the Charter Township of Van Buren at 46425 Tyler Road, Van Buren Township, Michigan 48111.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note I - Nature of Business and Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, fiduciary fund, and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability. All other revenue items are considered to be available only when cash is received by the Township.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note I - Nature of Business and Significant Accounting Policies (Continued)

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Landfill Fund - The Landfill Fund accounts for royalty payments received related to the landfill, in addition to the special assessment receivable related to the Belle Harbor/Lake Crest construction.

Capital Improvement Fund - The Capital Improvement Fund accounts for capital projects activity within the Township.

Belle Harbor/Lake Crest Paving Fund - The Belle Harbor/Lake Crest Paving Fund accounts for construction activity related to Belle Harbor/Lake Crest Paving.

The Township reports the following major proprietary fund:

Water and Sewer Fund - The Water and Sewer Fund is used to account for the results of operations that provide water and sewer services to residents, financed primarily by a user charge for the provision of those services and a local property tax levy.

Additionally, the Township reports the following fiduciary activity:

Agency Funds - The Agency Funds account for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities), and do not involve the measurement of results of operations.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Township's policy is to first apply restricted resources.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Property taxes to be used for capital costs and debt service are recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2006 ad valorem tax is levied and collectible on December 1, 2006 and is recognized as revenue in the year ended December 31, 2007, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2006 taxable valuation of the Township totaled \$1,110,563,267 (a portion of which is abated and a portion of which is captured by the LDFA and the DDA), on which ad valorem taxes levied consisted of .9144 mills for operating purposes, 2.9676 mills for public safety, and 5.5558 mills for water and sewer. This resulted in \$917,000 for operating, \$2,969,000 for public safety, and \$6,028,000 for water and sewer. These amounts are recognized in the respective General and Water and Sewer Funds financial statements as tax revenue.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. To the extent that cash from various funds has been pooled in an investment vehicle, related investment income is allocated to each fund based on relative participation in the pool, except that Agency Funds' investment earnings are allocated to the General Fund.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Prepaid Items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets - Restricted assets of the Water and Sewer Fund represent unspent bond proceeds, amounts on deposit at the county, and property tax collections to be used for the capital costs or debt service of the Township's water and sewer lines. The Downtown Development Authority Bonds and the Local Development Financing Authority Bonds require amounts to be set aside for debt service principal and interest and bond reserves.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Utility system	50 years
Land improvements	15 years
Buildings and improvements	50 years
Equipment and furniture	5 to 10 years
Vehicles	5 years
French Landing dam	50 years

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall at January 1, 2007		\$	(874,727)
Current year building permit revenue			632,565
Related expenses:			
Direct costs	\$	704,430	
Estimated indirect costs		<u>155,037</u>	<u>859,467</u>
Current year shortfall			<u>(226,902)</u>
Cumulative shortfall at December 31, 2007		\$	<u>(1,101,629)</u>

Fund Deficits - The deficits in the Lohr Road Fund of \$42,940 and the Belle Harbor/Lake Crest Paving Fund of \$19,410 will be eliminated in future years as special assessment district collections are received.

The accumulated deficit in the Community Development Block Grant Fund of \$29,310 will be eliminated upon receipt of a reimbursement from the county.

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all the state statutory authority as listed above. The component units' investment policies mirror that of the Township.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 3 - Deposits and Investments (Continued)

The Township has designated seven banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Township's deposits and investment policies are in accordance with statutory authority.

The Township and component units' cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$37,198,864 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. Additionally, the Township holds \$4,500,000 in negotiable certificates of deposit which are entirely covered by FDIC insurance. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy states that limitations on instruments, diversification, and maturity scheduling shall depend upon whether the funds being invested are considered short-term or long-term funds. With the exception of debt service, capital improvement, and special assessment funds, all funds shall be considered short-term and shall be invested in instruments whose maturities do not exceed two years at the time of purchase. Additionally, commercial paper can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. governmental securities	\$ 6,090,000	19.31 months
Negotiable certificates of deposit	4,500,000	10.78 months

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 3 - Deposits and Investments (Continued)

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Bank investment pool	\$ 298,601	AI/PI/FI	S&P
Bank investment pool	4,246,120	AAA-VI	Fitch
Negotiable certificates of deposit	4,500,000	AAA	S&P
Governmental securities	6,090,000	AAA	S&P

Component Units - The component units had bank deposits subject to custodial credit risk (uninsured and uncollateralized) of \$9,125,106. Their investment included \$1,268,992 of bank investment pools with a credit rating of AI/PI/FI as rated by S&P.

Note 4 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance January 1, 2007	Reclassifications*	Additions	Disposals	Balance December 31, 2007
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 4,360,669	\$ -	\$ -	\$ -	\$ 4,360,669
Construction in progress	624,503	(624,503)	601,300	-	601,300
Subtotal	4,985,172	(624,503)	601,300	-	4,961,969
Capital assets being depreciated:					
Land improvements	806,425	-	56,774	-	863,199
Building and improvements	10,338,593	624,503	3,670,237	-	14,633,333
Equipment and furniture	2,962,959	-	479,952	(340,585)	3,102,326
Vehicles	3,348,963	-	252,947	(497,807)	3,104,103
French Landing dam	2,809,800	-	-	-	2,809,800
Subtotal	20,266,740	624,503	4,459,910	(838,392)	24,512,761
Accumulated depreciation:					
Land improvements	138,605	-	52,997	-	191,602
Building and improvements	1,448,765	-	267,946	-	1,716,711
Equipment and furniture	2,061,951	-	421,641	(340,585)	2,143,007
Vehicles	2,205,464	-	230,449	(484,977)	1,950,936
French Landing dam	1,761,888	-	53,386	-	1,815,274
Subtotal	7,616,673	-	1,026,419	(825,562)	7,817,530
Net capital assets being depreciated	12,650,067	624,503	3,433,491	(12,830)	16,695,231
Net capital assets	\$ 17,635,239	\$ -	\$ 4,034,791	\$ (12,830)	\$ 21,657,200

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 4 - Capital Assets (Continued)

Business-type Activities	Balance January 1, 2007	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2007
Capital assets not being depreciated - Construction in progress	\$ 1,941,750	\$ -	\$ 9,303,684	\$ -	\$ 11,245,434
Capital assets being depreciated:					
Building	306,325	-	2,675	-	309,000
Utility system	68,540,381	-	2,321,534	-	70,861,915
Machinery and equipment	375,431	-	25,583	-	401,014
Office equipment	101,598	-	10,466	-	112,064
Vehicles	457,086	-	33,901	(21,055)	469,932
Subtotal	69,780,821	-	2,394,159	(21,055)	72,153,925
Accumulated depreciation:					
Building	66,191	-	6,135	-	72,326
Utility system	23,674,455	-	1,517,246	-	25,191,701
Machinery and equipment	340,733	-	17,735	-	358,468
Office equipment	74,503	-	9,935	-	84,438
Vehicles	263,613	-	57,618	(21,055)	300,176
Subtotal	24,419,495	-	1,608,669	(21,055)	26,007,109
Net capital assets being depreciated	45,361,326	-	785,490	-	46,146,816
Net capital assets	\$ 47,303,076	\$ -	\$ 10,089,174	\$ -	\$ 57,392,250

* The Township reclassified certain building projects from construction in progress to reflect the assets placed in service during the year ended December 31, 2007.

Component Unit Activities	Balance January 1, 2007	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2007
Capital assets being depreciated - Land improvements	\$ 1,290,835	\$ -	\$ -	\$ -	\$ 1,290,835
Accumulated depreciation - Land improvements	374,367	-	73,122	-	447,489
Net capital assets being depreciated	\$ 916,468	\$ -	\$ (73,122)	\$ -	\$ 843,346

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 149,759
Public safety	646,910
Community and economic development	32,175
Recreation and culture	197,575
Total governmental activities	\$ 1,026,419

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 4 - Capital Assets (Continued)

Business-type activities - Water and Sewer	<u>\$ 1,608,669</u>
Component unit activities - Downtown Development Authority	<u>\$ 73,122</u>

Construction Commitments - The Township has active construction projects at year end. At year end, the Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Van Buren Park entrance	\$ 506,992	\$ 74,710
EQ Basin construction	9,824,728	568,421
Riggs Park	<u>43,873</u>	<u>49,952</u>
Total	<u>\$ 10,375,593</u>	<u>\$ 693,083</u>

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		
General Fund	Nonmajor governmental funds	\$ 5,895
Landfill Fund	Belle Harbor/Lake Crest Paving Fund	118,715
	Nonmajor governmental funds	<u>42,940</u>
	Total Landfill Fund	<u>161,655</u>
	Total	<u>\$ 167,550</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
Landfill Fund	General Fund	\$ 3,300,000
	Capital Improvement Funds	1,199,046
	Belle Harbor/Lake Crest Paving Fund	1,340,726
	Total Landfill Fund	5,839,772
	Total	<u>\$ 5,839,772</u>

The transfers from the Landfill Fund to the General Fund represent royalties received from Waste Management, Inc., of which \$2,950,000 represents the use of unrestricted resources to finance general government operations, in accordance with budgetary authorizations. The remaining funds received by the Landfill Fund from Waste Management, Inc. and transferred to the General Fund are for the following purposes: \$200,000 for public health safety and welfare; \$100,000 for parks and recreation beautification and improvements; and \$50,000 for environmental protections.

The transfers from the Landfill Fund to the Capital Improvement Fund and Belle Harbor/Lake Crest Paving Fund represent funds used for construction of capital assets within the Township.

Note 6 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and state revolving funds are obligations of the Water and Sewer Fund. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

The employee compensated absences represent the estimation liability to be paid to employees under the Township's vacation policy. Under the Township's policy, employees earn vacation time based on the time of service with the Township.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 6 - Long-term Debt (Continued)

Description	Amount
Governmental Activities	
General obligations - Capital improvement bonds, series 2006 (general obligation limited tax), bearing interest from 3.75% to 4.375%, maturing in 2022	\$ 4,930,000
Installment purchase obligation - Pierce Class "A" Fire Truck, original issue of \$385,079, bearing interest of 4.37%, maturing in 2008	82,670
Total governmental activity debt	<u>\$ 5,012,670</u>
Business-type Activities - Contractual obligations with Wayne County and other long-term debt	
1994 Wastewater Refunding Bonds, amount of issue - \$677,368, bearing interest of 6%, maturing through 2009	\$ 127,120
Downriver Sewage Disposal Bonds, Series A, amount of issue - \$73,539, bearing interest from 4.5% to 5.125%, maturing through 2013	45,913
Downriver Sewage Disposal System Bonds, Partial Completion Bonds, amount of issue - \$283,580, bearing interest from 4.5% to 5.125%, maturing through 2018	193,713
State Revolving Fund - Downriver Sewage Disposal System Bonds, amount of issue - \$2,364,903, bearing interest of 2%, maturing through 2021	1,322,966
South Huron Valley Wastewater Control System: SRF Expansion Bonds, amount of issue - \$26,307,133, bearing interest of 2.25%, maturing through 2020	5,369,063
Deferred amount on refunding	(12,584)
South Huron Valley Wastewater Control System Bonds - SRF, amount of issue - \$1,803,964, bearing interest of 2%, maturing through 2011	458,577
State Revolving Loan Fund, 2006, amount of issue - \$12,025,000, bearing interest of 1.625%, maturing through 2026	10,336,653
Water Meter Loan, 2007, amount of issue - \$2,676,097, bearing interest of 3.5% to 5.09%, maturing through 2017	2,676,097

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 6 - Long-term Debt (Continued)

Description	Amount
Business-type Activities (Continued)	
State Revolving Loan Fund, 2005, amount of issue - \$55,692, bearing interest of 1.625%, maturing through 2026	\$ 53,312
State Revolving Loan Fund, 2007, amount of issue - \$51,170, bearing interest of 4.0% to 5.4%, maturing through 2028	51,170
State Revolving Loan Fund, 2007, amount of issue - \$186,072, bearing interest of 3.5% to 5.0%, maturing through 2026	114,250
Total business-type activities	<u>\$ 20,736,250</u>
Component Units Activities	
Refunding Bonds:	
2005 Refunding Bonds, amount of original issue - \$4,440,000, bearing interest from 3.5% to 5%, maturing in 2015	\$ 3,695,000
Deferred amount on refunding	(66,261)
2006 LDFA Tax Increment Refunding Bonds, Series 2006, amount of original issue - \$19,200,000, bearing interest from 4% to 5%, maturing in 2031	19,200,000
Deferred amount on refunding	<u>(565,982)</u>
Subtotal	22,262,757
Tax Increment Bonds - Tax Increment Bonds - Series 2003, amount of issue - \$6,589,656, bearing interest from 5.27% to 5.38%, maturing through 2032	6,589,656
Revenue Bonds - 2005 Revenue Bond, amount of issue - \$4,405,000, bearing interest from 3.1% to 5%, maturing through 2025	<u>4,115,000</u>
Total component unit activity debt	<u>\$ 32,967,413</u>

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 6 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligations	\$ 5,165,000	\$ -	\$ (235,000)	\$ 4,930,000	\$ 245,000
Installments purchase obligations	161,809	-	(79,139)	82,670	82,670
Total	\$ 5,326,809	\$ -	\$ (314,139)	\$ 5,012,670	\$ 327,670
Compensated absences	\$ 71,956	\$ 11,010	\$ -	\$ 82,966	\$ -
Business-type Activities					
Contractual obligations with Wayne					
County and other debt	\$ 9,903,398	\$ 8,799,431	\$ (642,676)	\$ 18,060,153	\$ 1,178,742
Other debt	-	2,676,097	-	2,676,097	244,245
Total	\$ 9,903,398	\$ 11,475,528	\$ (642,676)	\$ 20,736,250	\$ 1,422,987
Compensated absences	\$ 22,014	\$ 2,140	\$ -	\$ 24,154	\$ -
Component Unit Activities					
Refunding bonds	\$ 22,615,787	\$ -	\$ (353,030)	\$ 22,262,757	\$ 583,030
Tax increment bonds	6,589,656	-	-	6,589,656	-
Revenue bonds	4,260,000	-	(145,000)	4,115,000	150,000
Total	\$ 33,465,443	\$ -	\$ (498,030)	\$ 32,967,413	\$ 733,030

The Township has committed its full faith and credit for all debt outstanding for the Local Development Financing Authority.

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 327,670	\$ 208,334	\$ 536,004	\$ 1,432,426	\$ 437,289	\$ 1,869,715	\$ 765,000	\$ 1,246,637	\$ 2,011,637
2009	255,000	194,846	449,846	1,438,560	436,455	1,875,015	1,100,000	1,210,462	2,310,462
2010	265,000	184,646	449,646	1,407,612	401,905	1,809,517	1,145,000	1,166,236	2,311,236
2011	275,000	174,046	449,046	1,442,485	368,360	1,810,845	805,000	1,130,469	1,935,469
2012	285,000	163,734	448,734	1,352,969	334,634	1,687,603	860,000	1,091,119	1,951,119
2013-2017	1,620,000	635,748	2,255,748	7,172,099	1,163,927	8,336,026	6,120,000	4,716,909	10,836,909
2018-2022	1,985,000	266,756	2,251,756	4,743,282	413,306	5,156,588	11,045,000	2,654,658	13,699,658
2023-2027	-	-	-	1,755,665	78,109	1,833,774	6,058,267	7,261,199	13,319,466
2028-2032	-	-	-	3,736	173	3,909	5,701,389	11,393,861	17,095,250
Total	\$ 5,012,670	\$ 1,828,110	\$ 6,840,780	\$ 20,748,834	\$ 3,634,158	\$ 24,382,992	\$ 33,599,656	\$ 31,871,550	\$ 65,471,206

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 6 - Long-term Debt (Continued)

Defeased Debt - In prior years, the Downtown Development Authority and Local Development Financing Authority defeased certain bonds by placing the proceeds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the financial statements. At December 31, 2007, \$4,010,000 and \$19,270,000, respectively, of bonds outstanding are considered to be defeased.

Future Revenues Pledged for Debt Payments - The Township has pledged a portion of future property tax revenues to repay \$8,845,000 in Downtown Development Authority bonds issued in 2005 to finance various capital improvements. The bonds are payable solely from the incremental property taxes captured by the Authority, and are projected to produce 100 percent of debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$10,640,622, payable through 2025. For the current year, principal and interest paid and total property tax captures were \$904,059 and \$2,159,825, respectively.

In addition, the Township has also pledged a portion of future property tax revenues to repay \$25,789,656 in Local Development Financing Authority bonds issued in 2003 and a portion refunded in 2006 to finance various capital improvements. The bonds are payable solely from the incremental property taxes captured by the Authority, and are projected to produce 100 percent of debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$54,830,594, payable through 2032. For the current year, principal and interest paid and total property tax captures were \$894,903 and \$1,616,325, respectively.

Note 7 - Restricted Assets

The balances for the restricted asset accounts are as follows:

	Business-type Activities	Component Units
Net assets held by Wayne County	\$ 1,575,180	\$ -
Cash and equivalents:		
Property tax collections	24,936,589	-
Bond reserve	-	3,573,728
Unspent debt proceeds	958,427	-
Total restricted assets	<u>\$ 27,470,196</u>	<u>\$ 3,573,728</u>

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 7 - Restricted Assets (Continued)

Enterprise Fund net assets totaling \$2,533,607 are restricted for water line and sewer system construction, replacement, improvement, and debt service. These restricted assets result from the issuance of debt or the receipt of contributed capital; therefore, it is not necessary to restrict net assets. The remaining balance of \$24,936,589 is from property tax collections and is restricted for debt service payments. Net assets have been restricted for this amount.

Restricted assets in the Downtown Development Authority are restricted for the purpose of the 2005A Tax Increment Revenue Bonds and the 2005B Tax Incremental Revenue Refunding Bonds debt service requirements. Net assets have been restricted for \$1,268,992. Restricted assets in the Local Development Financing Authority are restricted for the 2003 revenue bond debt service requirements. Net assets have been restricted for \$1,753,655.

Note 8 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for employee injuries and medical benefits, and participates in the risk pool for claims relating to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

The Township estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the government-wide statements and the Water and Sewer Fund. Changes in the estimated liability for the past two fiscal years were as follows:

	2007	2006
Claims incurred - Including changes in estimates	\$ 147,473	\$ 210,242
Claim payments	(147,473)	(210,242)
Unpaid claims - End of year	\$ -	\$ -

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 9 - Defined Contribution Pension Plan

The Township provides pension benefits to all its full-time salaried employees, AFSCME employees, and paid on-call firefighters through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate as of the first day of the next month after employment. As established by union or employee contractual agreements, the Township contributes 12 percent and 6 percent of employees' base earnings toward general governmental employees and firefighters, respectively. In addition, the general government employees contribute a minimum of 5 percent and the firefighters contribute 3.5 percent of earnings, with the option of contributing up to 15 percent. In accordance with these requirements, the Township contributed approximately \$372,000 during the current year, and employees contributed approximately \$181,000.

Note 10 - Defined Benefit Pension Plan

Plan Description - The Township's police command, police officers, and dispatch employees participate in the Michigan Municipal Employees' Retirement System (the "System"), an agent multiple-employer defined benefit pension plan. The System provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to contribute to and maintain the System for these employees was established by negotiation with the Township's competitive bargaining units and arbitration rulings under Michigan Public Act 312 of 1969 and requires a contribution from the employees of 5.00 percent and 6.25 percent of base wages for police patrol/dispatch and police command, respectively. Additionally, the Township contributes 12 percent of base wages for the police patrol/dispatch and command annually.

Annual Pension Cost - For the year ended December 31, 2007, the Township's annual pension cost of \$381,490 for the plan was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, and (b) projected salary increases of 4.5 percent per year, attributable to inflation plus additional salary increases attributable to seniority/merit. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 10 - Defined Benefit Pension Plan (Continued)

Three-year trend information is as follows:

	Fiscal Year Ended December 31		
	2005	2006	2007
Annual pension cost (APC)	\$ 300,481	\$ 343,482	\$ 381,490
Percentage of APC contributed	100.0 %	100.0 %	100.0 %

	Fiscal Year Ended December 31		
	2004	2005	2006
Actuarial value of assets	\$ 1,519,751	\$ 2,940,388	\$ 3,692,172
Actuarial accrued liability (AAL) (entry age)	\$ 3,195,037	\$ 5,018,212	\$ 6,421,926
Unfunded AAL (UAAL)	\$ 1,675,286	\$ 2,077,824	\$ 2,729,754
Funded ratio	47.6 %	58.6 %	57.5 %
Covered payroll	\$ 2,032,889	\$ 2,329,824	\$ 2,878,825
UAAL as a percentage of covered payroll	82.4 %	89.2 %	94.8 %

Note 11 - Other Postemployment Benefits

The Township provides healthcare benefits to all full-time employees meeting age and years of service requirements, upon retirement, in accordance with labor contracts. Currently, 13 retirees are eligible. The Township includes pre-Medicare retirees and their spouses (with a copay) in its insured healthcare plan. The Township purchases supplemental insurance for eligible retirees.

Expenditures for postemployment healthcare benefits are recognized in the General and Water and Sewer Funds as the insurance premiums become due; during the year, this amounted to approximately \$103,000 and \$18,000, respectively.

Upcoming Reporting Change - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 12 - Joint Ventures

The Township is a member of the South Huron Valley Utility Authority (the "Utility Authority"). The Utility Authority is a joint venture of the charter townships of Brownstown, Huron, and Van Buren, the cities of Flat Rock, Gibraltar, Romulus, and Woodhaven, and the village of South Rockwood. The Utility Authority was founded in order to acquire and operate a sewage disposal and wastewater treatment system. During the year, the Township contributed \$557,780 toward the operation of the system. In addition, debt payments of \$600,395, including both principal and interest, were made to the Utility Authority. The Township's portion of the debt is recorded in the Township's Water and Sewer Fund. The Township's share of the capital assets and net operating excess is also reflected in the Water and Sewer Fund. Complete financial statements for the Utility Authority can be obtained from the administrative offices at 46425 Tyler Road, Belleville, MI 48111. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

The Township, along with 12 other communities, jointly participates in the Downriver Sewage Disposal System. The Township's share of capital assets, restricted assets (for debt service), excess operating assets, and related debt is recorded in the Water and Sewer Fund. During the year, the Township paid \$217,538 for operations of the system and \$151,764 for debt service. Complete financial statements can be obtained from the administrative offices at 415 Clifford, Detroit, MI 48226. The Township is unaware of any circumstances that would cause additional benefit or burden to the participating governments in the near future other than the items noted in Note 11.

The Township is a member of a joint venture with the City of Belleville and Sumpter Township. The purpose is to provide library services to the residents of all participating communities. The participating communities provide annual funding for its operations, and it is the City of Belleville's responsibility to account for and remit these funds to Wayne County for services provided. During the current year, the Township contributed approximately \$467,000 for its operations. The Township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for the joint venture can be obtained from the administrative offices at 6 Main Street, Belleville, MI.

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 13 - Designated Fund Balance

Fund balances have been designated for the following purposes:

	General Fund	Landfill Fund	Capital Improvement Fund
Senior center bequest fund	\$ 14,883	\$ -	\$ -
French Landing dam improvement	122,500	-	-
Fire equipment replacement	279,775	-	-
Computer networking equipment	20,000	-	-
Sidewalk maintenance	25,000	-	-
Compensated absences	70,500	-	-
Land and municipal facilities purchases	400,000	-	-
Property acquisition	-	250,000	-
Capital improvement	-	-	435,800
Retiree health care	650,000	1,050,000	-
Refuse collection	-	4,147,200	-
Designated for subsequent year's budgeted expenditures in excess of budgeted revenue	<u>696,298</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,278,956</u>	<u>\$ 5,447,200</u>	<u>\$ 435,800</u>

Note 14 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Governmental Funds		Enterprise Funds
	Unavailable	Unearned	
Property taxes levied for 2007	\$ -	\$ 7,238,151	\$ 7,244,621
Special assessments	1,206,741	-	-
Grants not received within 60 days after year end	26,382	-	-
Program income not spent by December 31, 2007	<u>-</u>	<u>46,717</u>	<u>-</u>
Total	<u>\$ 1,233,123</u>	<u>\$ 7,284,868</u>	<u>\$ 7,244,621</u>

Charter Township of Van Buren

Notes to Financial Statements December 31, 2007

Note 15 - Sale of Delinquent Property Taxes

The Township annually sells its delinquent real property taxes to the County, which then becomes responsible for collecting the taxes, and taking any uncollected tax parcels through the tax reversion process. The County purchases these taxes at 100 percent of face value, and in return the County is allowed to retain all interest and penalties it collects. The estimated present value of the future delinquent collections to the Township is less than the face value that has been received, because of the time value of money; however, the net present value to the County is greater than this amount, because of the statutory provision that allows the County to retain all penalties and interest. During the current year, the Township received \$1,301,862 from this sale. At the end of the tax reversion process (approximately three years), the County charges the Township back for any uncollected taxes. Historically, this amount has not been significant.

Required Supplemental Information

Charter Township of Van Buren

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 917,500	\$ 924,000	\$ 923,872	\$ (128)
Public safety tax revenue	2,940,000	2,970,000	2,968,883	(1,117)
Licenses and permits	760,566	727,600	716,136	(11,464)
State-shared revenue and grants	1,925,550	1,871,500	1,991,414	119,914
Other charges for services	692,499	684,512	724,365	39,853
Other fines and forfeitures	1,109,000	1,129,000	1,241,065	112,065
Investment income	235,000	300,000	401,456	101,456
Other revenue	913,722	1,025,278	1,029,253	3,975
Total revenue	9,493,837	9,631,890	9,996,444	364,554
Expenditures - Current				
General government:				
Township board	160,493	184,568	180,143	4,425
Supervisor	210,720	215,051	214,589	462
Accounting	69,000	75,000	69,998	5,002
IT department	306,969	282,869	278,837	4,032
Treasurer	303,876	303,876	298,455	5,421
Assessing	278,078	296,144	279,736	16,408
General office	113,500	113,200	87,166	26,034
Clerk	379,205	375,175	359,305	15,870
Elections	107,500	136,150	80,001	56,149
Buildings and grounds	712,930	653,380	683,278	(29,898)
Attorney	325,000	735,000	685,675	49,325
Cemetery	4,600	4,404	4,434	(30)
Total general government	2,971,871	3,374,817	3,221,617	153,200
Public safety:				
Police	5,039,215	4,991,326	4,837,748	153,578
Dispatch	669,867	669,867	637,149	32,718
Fire	1,135,145	1,249,231	1,119,545	129,686
Building	1,045,800	890,457	880,538	9,919
Animal control	86,382	86,382	77,845	8,537
Total public safety	7,976,409	7,887,263	7,552,825	334,438

Charter Township of Van Buren

Required Supplemental Information (Continued) Budgetary Comparison Schedule - General Fund Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures - Current (Continued)				
Public works - Contracted services	\$ 141,000	\$ 162,150	\$ 166,179	\$ (4,029)
Recreation and culture:				
Library	459,001	466,828	466,830	(2)
Parks and lakes	458,485	(168,590)	95,792	(264,382)
Senior citizens	185,201	178,261	200,818	(22,557)
Cable	118,861	110,190	83,260	26,930
Recreation	388,786	365,786	353,000	12,786
Community services	153,675	155,300	149,008	6,292
Total recreation and culture	1,764,009	1,107,775	1,348,708	(240,933)
Other - Insurance and other	620,000	656,330	588,480	67,850
Total expenditures	13,473,289	13,188,335	12,877,809	310,526
Excess of Expenditures Over Revenue	(3,979,452)	(3,556,445)	(2,881,365)	675,080
Other Financing Sources -				
Transfers in	3,300,000	3,300,000	3,300,000	-
Net Change in Fund Balance	(679,452)	(256,445)	418,635	675,080
Fund Balance - Beginning of year	2,749,733	2,870,571	2,870,571	-
Fund Balance - End of year	\$ 2,070,281	\$ 2,614,126	\$ 3,289,206	\$ 675,080

Charter Township of Van Buren

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Landfill Fund Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ 275,000	\$ 350,000	\$ 379,539	\$ 29,539
Special assessments	187,985	121,827	253,661	131,834
Landfill royalties	3,143,400	2,996,867	2,824,010	(172,857)
Total revenue	3,606,385	3,468,694	3,457,210	(11,484)
Other Financing Uses -				
Transfers out	(4,499,046)	(5,586,111)	(5,839,772)	(253,661)
Net Change in Fund Balance	(892,661)	(2,117,417)	(2,382,562)	(265,145)
Fund Balance - Beginning of year	8,789,854	8,679,956	8,679,956	-
Fund Balance - End of year	<u><u>\$ 7,897,193</u></u>	<u><u>\$ 6,562,539</u></u>	<u><u>\$ 6,297,394</u></u>	<u><u>\$ (265,145)</u></u>

Charter Township of Van Buren

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Capital Improvement Fund Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 50,000	\$ 85,000	\$ 87,996	\$ 2,996
Expenditures - Current - Public safety	4,156,071	4,008,950	4,090,774	(81,824)
Excess of Expenditures Over Revenue	(4,106,071)	(3,923,950)	(4,002,778)	(78,828)
Other Financing Sources - Transfers in	1,199,046	1,199,046	1,199,046	-
Net Change in Fund Balance	(2,907,025)	(2,724,904)	(2,803,732)	(78,828)
Fund Balance - Beginning of year	3,369,180	3,239,532	3,239,532	-
Fund Balance - End of year	<u>\$ 462,155</u>	<u>\$ 514,628</u>	<u>\$ 435,800</u>	<u>\$ (78,828)</u>

Charter Township of Van Buren

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Belle Harbor/Lake Crest Paving Fund Year Ended December 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures - Current -				
Public works	\$ -	\$ 513,207	\$ 483,208	\$ 29,999
Excess of Expenditures Over Revenue	-	(513,207)	(483,208)	29,999
Other Financing Sources -				
Transfers in	-	1,087,065	1,340,726	253,661
Net Change in Fund Balance	-	573,858	857,518	283,660
Fund Balance (Deficit) - Beginning of year	(84,300)	(876,928)	(876,928)	-
Fund Balance (Deficit) - End of year	\$ (84,300)	\$ (303,070)	\$ (19,410)	\$ 283,660

Charter Township of Van Buren

Note to Required Supplemental Information Year Ended December 31, 2007

Budgetary Information - The annual budgets are prepared by the Township treasurer and adopted by the Township board; subsequent amendments are approved by the Township board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2007 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds, with the exception of certain federal revenue being budgeted as an offset to the related expenditures being reimbursed, and reimbursement of costs being recorded as revenue instead of an offset to the related expenditures.

Budgets were adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund budget and Major Special Revenue Funds budgets as adopted by the Township board is included in the required supplemental information.

This comparison includes expenditure budget overruns. A comparison of the actual results of operations to the nonmajor Special Revenue Funds budgets as adopted by the Township board is available at the clerk's office for inspection.

The only significant expenditure budget overruns for the year ended December 31, 2007 were in the parks and lakes department in the General Fund due to revenue that was budgeted to offset certain expenditures not being received within 60 days of year end, and in the public safety department in the Capital Improvement Fund due to costs being higher than anticipated for construction.

In addition, during the current year, the Township budgeted a deficit in the Belle Harbor/Lake Crest Paving Fund due to the special assessment revenue being unavailable as of December 31, 2007.

Other Supplemental Information

Charter Township of Van Buren

	Special Revenue Funds			
	Community Development Block Grant	Drug Forfeiture - Federal	Drug Forfeiture - State	911 Service
Assets				
Cash and investments	\$ -	\$ 79,358	\$ 43,890	\$ 610,052
Receivables:				
Special assessments receivable	-	-	-	-
Other receivables	-	-	-	-
Due from other governmental units	58,543	-	-	-
Prepaid expenditures	-	-	-	-
Total assets	\$ 58,543	\$ 79,358	\$ 43,890	\$ 610,052
Liabilities and Fund Balances (Deficit)				
Liabilities				
Accounts payable	\$ 10,354	\$ -	\$ -	\$ -
Due to other funds	4,400	-	-	-
Accrued and other liabilities	-	-	-	-
Deferred revenue	73,099	-	-	-
Total liabilities	87,853	-	-	-
Fund Balances (Deficit)				
Reserved	-	79,358	43,890	610,052
Unreserved	(29,310)	-	-	-
Total fund balances (deficit)	(29,310)	79,358	43,890	610,052
Total liabilities and fund balances (deficit)	\$ 58,543	\$ 79,358	\$ 43,890	\$ 610,052

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

Special Revenue Funds			Total Nonmajor Governmental Funds
Museum	Bemis Road Project	Lohr Road Project	
\$ 13,248	\$ 111,313	\$ -	\$ 857,861
-	-	70,593	70,593
876	-	-	876
-	-	-	58,543
661	-	-	661
\$ 14,785	\$ 111,313	\$ 70,593	\$ 988,534
\$ 2,252	\$ -	\$ -	\$ 12,606
1,495	-	42,940	48,835
1,227	-	-	1,227
-	-	70,593	143,692
4,974	-	113,533	206,360
9,811	111,313	-	854,424
-	-	(42,940)	(72,250)
9,811	111,313	(42,940)	782,174
\$ 14,785	\$ 111,313	\$ 70,593	\$ 988,534

Charter Township of Van Buren

	Special Revenue Funds			
	Community Development Block Grant	Drug Forfeiture - Federal	Drug Forfeiture - State	911 Service
Revenue				
Federal grants	\$ 117,734	\$ -	\$ -	\$ -
Investment income	-	2,731	1,922	25,900
Other revenue:				
Special assessments	-	-	-	-
Contributions and donations	-	-	-	-
Other income	-	2,200	18,001	99,599
Total revenue	117,734	4,931	19,923	125,499
Expenditures				
Public safety	-	300	29,451	7,129
Community and economic development	139,399	-	-	-
Recreation and culture	-	-	-	-
Total expenditures	139,399	300	29,451	7,129
Net Change in Fund Balances	(21,665)	4,631	(9,528)	118,370
Fund Balances (Deficit) - Beginning of year	(7,645)	74,727	53,418	491,682
Fund Balances (Deficit) - End of year	<u><u>\$ (29,310)</u></u>	<u><u>\$ 79,358</u></u>	<u><u>\$ 43,890</u></u>	<u><u>\$ 610,052</u></u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended December 31, 2007

Special Revenue Funds			Total Nonmajor Governmental Funds
Museum	Bemis Road Project	Lohr Road Project	
\$ -	\$ -	\$ -	\$ 117,734
1,208	5,066	189	37,016
-	-	16,418	16,418
79,953	-	-	79,953
-	-	-	119,800
81,161	5,066	16,607	370,921
-	-	-	36,880
-	-	-	139,399
83,259	-	-	83,259
83,259	-	-	259,538
(2,098)	5,066	16,607	111,383
11,909	106,247	(59,547)	670,791
\$ 9,811	\$ 111,313	\$ (42,940)	\$ 782,174

Charter Township of Van Buren

**Federal Awards
Supplemental Information
December 31, 2007**

Charter Township of Van Buren

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Independent Auditor's Report

To the Township Board
Charter Township of Van Buren

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Van Buren as of and for the year ended December 31, 2007, which collectively comprise the Charter Township of Van Buren's basic financial statements, and have issued our report thereon dated May 7, 2008. Those basic financial statements are the responsibility of the management of the Charter Township of Van Buren. Our responsibility was to express opinions on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Van Buren's basic financial statements. The accompanying schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

May 7, 2008

Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

To the Township Board
Charter Township of Van Buren

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Van Buren as of and for the year ended December 31, 2007, which collectively comprise the Charter Township of Van Buren's basic financial statements, and have issued our report thereon dated May 7, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Charter Township of Van Buren's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter Township of Van Buren's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Charter Township of Van Buren's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency and another deficiency that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the control deficiency described in the accompanying schedule of findings and questioned costs as item 07-02 to be a significant deficiency in internal control over financial reporting.

To the Township Board
Charter Township of Van Buren

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe the deficiency described in the schedule of findings and questioned costs as item 07-01 constitutes a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Township of Van Buren's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Charter Township of Van Buren's response to the significant deficiency, material weakness, and findings relating to compliance and other matters identified in our audit and described in the accompanying schedule of findings and questioned costs has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board, management, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

May 7, 2008

Report on Compliance with Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance
with OMB Circular A-133

To the Township Board
Charter Township of Van Buren

Compliance

We have audited the compliance of the Charter Township of Van Buren with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2007. The major federal program of the Charter Township of Van Buren is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Charter Township of Van Buren's management. Our responsibility is to express an opinion on the Charter Township of Van Buren's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Charter Township of Van Buren's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Charter Township of Van Buren's compliance with those requirements.

In our opinion, the Charter Township of Van Buren complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

To the Township Board
Charter Township of Van Buren

Internal Control Over Compliance

The management of the Charter Township of Van Buren is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Charter Township of Van Buren's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the board, management, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

May 7, 2008

Charter Township of Van Buren

Schedule of Expenditures of Federal Awards Year Ended December 31, 2007

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Entity Project/Grant	Federal Expenditures
		Number	
U.S. Environmental Protection Agency - Passed through Michigan Department of Environmental Quality - Capitalization Grants for Clean Water State Revolving Funds	66.458	5257-01	\$ 1,985,932 *
U.S. Department of Housing and Urban Development - Passed through Wayne County, Michigan Community Development Block Grant	14.218	N/A	139,398
U.S. Department of Justice - Federal Equitable Sharing Program	16.unknown	N/A	300
U.S. Department of Transportation - Passed through State of Michigan Department of State Police - MACP Award Grant	20.600	PT-07-64	<u>6,000</u>
Total federal awards			<u>\$2,131,630</u>

* Amount is recorded in long-term debt in the basic financial statements.

Charter Township of Van Buren

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended December 31, 2007

Revenue from federal sources - As reported on financial statements	\$ 123,734
Plus federal revenue not received within 60 days of year end in the governmental funds	21,664
Plus federal drug forfeitures reported as other revenues	300
Plus federal revenue not reported as such in the financial statements - Capitalization Grant proceeds for State Revolving Funds*	<u>1,985,932</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 2,131,630</u>

* Amount is recorded in long-term debt in the basic financial statements.

Charter Township of Van Buren

Note to Schedule of Expenditures of Federal Awards Year Ended December 31, 2007

Note - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter Township of Van Buren (the "Township") and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Charter Township of Van Buren

Schedule of Findings and Questioned Costs Year Ended December 31, 2007

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes X No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes X No

Charter Township of Van Buren

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2007

Section II - Financial Statement Audit Findings

Reference Number	Findings
07-01	<p>Finding Type - Material weakness</p> <p>Criteria - Management's goal was to accurately record all transactions in the general ledger.</p> <p>Condition - The Township needed assistance in finalizing the general ledger for purposes of publishing its year-end financial statements.</p> <p>Context - Historically, the Charter Township of Van Buren's auditors have recommended journal entries as part of the audit. Although the number of journal entries proposed by the auditors has been reduced from previous years, for the audit of the Township's financial statements for the year ended December 31, 2007 Statement on Auditing Standards (SAS) No. 112, <i>Communicating Internal Control-related Matters Identified in an Audit</i>, was effective. SAS 112 defines entries of this nature to be a material weakness.</p> <p>Cause and Effect - Various account balances needed auditor adjustments in order to produce financial statements in conformity with generally accepted accounting principles. The amounts related to multiple funds and in aggregate were material to the financial statements.</p> <p>Recommendation - The Charter Township of Van Buren should attempt to post all entries prior to the start of the audit and have procedures in place to determine the proper handling of unusual and infrequent transactions.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Charter Township of Van Buren will focus on adding additional procedures to correct and detect misstatements in general ledger.</p>

Charter Township of Van Buren

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2007

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
07-02	<p>Finding Type - Significant deficiency</p> <p>Criteria - Management's goal was to have proper segregation of duties in place within the Township.</p> <p>Condition - In connection with the Charter Township of Van Buren's financial statement audit for the year ended December 31, 2007, due to the implementation of new auditing standards, the Township was required to document its procedures related to the controls they have in place. It was noted from this documentation that an individual has custody of the cash and investments and also has recordkeeping capabilities.</p> <p>Context - For the Charter Township of Van Buren's audit for the year ended December 31, 2007, it was noted that there is an issue related to segregation of duties in which an individual has custody of the cash and investments and also has recordkeeping capabilities.</p> <p>Effect - As a result, the individual can access cash and investments and post related entries.</p> <p>Cause - The Township has given this individual the ability to both record journal entries in addition to having custody over cash and investments.</p> <p>Recommendation - The Charter Township of Van Buren should separate the functions of recordkeeping from custody of the cash and investments. While the journal entries posted by this individual (who also has custody of the cash and investments) are reviewed, there is no process in place to ensure the listing of entries reviewed is complete.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Charter Township of Van Buren has already established controls effective immediately that will ensure that all journal entries posted by the individual are independently reviewed.</p>

Section III - Federal Program Audit Findings

None

Charter Township of Van Buren

**Report to the Board of Trustees
December 31, 2007**

**Plante & Moran, PLLC**

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1000 Oakbrook Drive
Ann Arbor, MI 48104
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To the Board of Trustees
Charter Township of Van Buren

We have recently completed our audit of the basic financial statements of the Charter Township of Van Buren (the "Township") for the year ended December 31, 2007. In addition to our audit report, we are providing the following letter of increased audit communications, required audit communications, summary of unrecorded possible adjustments, recommendations, and informational comments which impact the Township:

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Report on Internal Control	1-2
Results of the Audit	3-6
Summary of Unrecorded Possible Adjustments	7-8
Other Recommendations	9-10
Informational - Legislative Matters, etc.	11-12
Revenue Sharing	12
Property Taxes and Taxable Value Changes	13
Retiree Health Care and New Auditing Standards	14
Municipal Financing Act	14
Downriver Sewer System	14
New Auditing Standards Effective December 31, 2007	14-15

We are grateful for the opportunity to be of service to the Charter Township of Van Buren. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

May 7, 2008



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1000 Oakbrook Drive
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Fax: 734.665.0664
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Report on Internal Control

May 7, 2008

To the Board of Trustees
Charter Township of Van Buren

Dear Board Members:

Beginning with last year's audit, national auditing standards call for auditors to communicate matters to the governing body that may be useful in its oversight of the Township's financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards is to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this report on internal control will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the financial statements of the Charter Township of Van Buren as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and/or material weaknesses.

To the Board of Trustees
Charter Township of Van Buren

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control:

- **Segregation of Duties** - During the course of the audit, it came to our attention that an individual has custody over investments as well as the ability to record manual journal entries. The Charter Township of Van Buren has already established controls effective during 2008 that will ensure that all journal entries are independently reviewed.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness:

- **Auditor Proposed Journal Entries** - Journal entries were required during the audit to ensure the financial statement presentation was in conformity with generally accepted accounting principles. Some journal entries were related to transactions that were unusual and infrequent in nature, in addition to entries that were required to be posted in relation to the year-end closing.

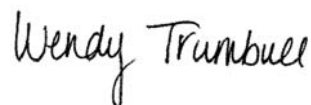
This communication is intended solely for the information and use of management, the board, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC



David H. Helisek



Wendy N. Trumbull

Results of the Audit

May 7, 2008

To the Board of Trustees
Charter Township of Van Buren

We have audited the financial statements of the Charter Township of Van Buren for the year ended December 31, 2007 and have issued our report thereon dated May 7, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 15, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Charter Township of Van Buren. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters and our audit of the financial statements does not relieve you or management of your responsibilities.

Our audit of the Charter Township of Van Buren's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we have made some assessments of the Charter Township of Van Buren's compliance with certain provisions of laws, regulations, contracts, and grant agreements. While those assessments are not sufficient to identify all noncompliance with applicable laws, regulations, and contract provisions, we are required to communicate all noncompliance conditions that come to our attention. We have communicated those conditions in a separate letter dated May 7, 2008 regarding our consideration of the Charter Township of Van Buren's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

To the Board of Trustees
Charter Township of Van Buren

We also are obligated to communicate certain matters related to our audit to those responsible for the governance of the Charter Township of Van Buren, including certain instances of error or fraud and significant deficiencies in internal control that we identify during our audit. In certain situations, *Government Auditing Standards* require disclosure of illegal acts to applicable government agencies. If such illegal acts were detected during our audit, we would be required to make disclosures regarding these acts to applicable government agencies. No such disclosures were required.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on February 22, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Charter Township of Van Buren are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007.

We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimates noted.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

To the Board of Trustees
Charter Township of Van Buren

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management which related to the proper recording of the Visteon Supplemental Tax Revenue Agreement and recording of restricted assets related to unspent debt proceeds.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management's Representations

We have requested certain representations from management that are included in the management representation letter dated May 7, 2008.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

In the normal course of our professional association with the Township we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Township, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the Township's auditors.

To the Board of Trustees
Charter Township of Van Buren

This information is intended solely for the use of the board of trustees and management of the Charter Township of Van Buren and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink, appearing to read "David H. Helisek".

David H. Helisek

A handwritten signature in black ink, appearing to read "Wendy N. Trumbull".

Wendy N. Trumbull

To the Board of Trustees
 Charter Township of Van Buren

Client: Van Buren Township
Unit: Governmental Activities
Y/E: 12/31/2007

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

		<u>Increases (Decreases)</u>				
<u>Ref. #</u>	<u>Description of Misstatement</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Net Assets</u>	<u>Revenue</u>	<u>Expenses</u>
Known Misstatements:						
A1						
A2						
Estimate Adjustments:						
B1	To record asset on deposit at MMRMA	\$ 247,000				\$ (247,000)
B2						
Implied Adjustments:						
C1						
C2						
		-	\$ -	\$ -	\$ -	-
	Combined effect	<u>\$ 247,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (247,000)</u>

To the Board of Trustees
Charter Township of Van Buren

Client: **Van Buren Township**
Unit: **Business-type Activities**
Y/E: **12/31/2007**

SUMMARY OF UNRECORDED POSSIBLE ADJUSTMENTS

		Increases (Decreases)				
Ref. #	Description of Misstatement	Assets	Liabilities	Net Assets	Revenue	Expenses
Known Misstatements:						
A1						
A2						
Estimate Adjustments:						
B1	To record asset on deposit at MMRMA	\$ 100,888				\$ (100,888)
B2	To record receivable for delinquent property taxes	11,104	\$ 11,104			
Implied Adjustments:						
C1						
C2						
		-	-	\$ -	\$ -	-
	Combined effect	\$ 111,992	\$ 11,104	\$ -	\$ -	\$ (100,888)

Other Recommendations

Charter Township of Van Buren

Other Recommendations

Timely Remittance of Property Taxes

It was noted during our testing that tax revenue received is not being remitted within 15 days to other taxing authorities. The Township should put procedures in place to ensure that remittance is done timely.

IT Assessment

During the audit, we were required by new auditing standards to assess the Township's IT structure. The recommendations that came out of this assessment have been provided to the Township.

Informational

Revenue Sharing

The annual funding of revenue sharing continues to be static at best - which is down considerably compared to funding levels in 2001 and 2002. In 2001 and 2002, the Township received approximately \$2.49 million in revenue sharing annually. The current funding level is about \$1.95 million - a decrease of approximately \$.5 million from historical funding levels.

The condition of the State's budget remains tenuous and that will impact the funding of revenue sharing going forward. The governor's budget that was introduced for the State's 2008/2009 fiscal year currently includes a small funding increase in revenue sharing. However, many open issues remain to be resolved with the revenue-sharing program and the governor's 2008/2009 fiscal year budget occurred before issues with 2008 taxable valuations will be quantified (which could impact the State's School Aid Fund and indirectly the State's General Fund). There are a number of other factors that will impact revenue sharing including:

- **Future of County Participation in Statutory Revenue Sharing** - The question that remains is when the reserve funds established by counties several years ago as a result of the shift of the county tax levy date are depleted, will counties come back into the "revenue-sharing formula" and to what extent? Will the size of the statutory pot grow to accommodate counties or will there be a shift of the same monies from cities, villages, and townships to the counties?
- **Statutory Revenue-sharing Formula** - Legislative action is required on this Act for appropriations to continue beyond 2008.
- **Changes to Michigan's Tax Structure** - Significant changes to the Michigan tax structure were made in 2007 (elimination of the single business tax, creation of new Michigan business tax, passage and then subsequent repeal of the services tax, and addition of a surcharge to the Michigan business tax). Technical corrections on the new Michigan business tax continue to occur. The true financial impact on the State's budget of all these changes is hard to predict.

As previously indicated, the 2008/2009 state budget as introduced includes a slight increase in state-shared revenue. Specific details related to the funding remain to be worked out through the appropriations process. Given the continued uncertainty of the state budget and the recent history related to state-shared revenue, we strongly encourage all local governments to be conservative when budgeting or projecting the revenue-sharing line item.

Charter Township of Van Buren

Informational (Continued)

<u>State Fiscal Year</u>	<u>Statutory</u>	<u>Constitutional</u>	<u>Total</u>	<u>Decrease from 2001</u>
2001	\$ 963,354	\$ 1,528,795	\$ 2,492,149	\$ -
2002	847,158	1,544,367	2,391,525	100,624
2003	718,450	1,570,514	2,288,964	203,185
2004	503,759	1,553,454	2,057,213	434,936
2005	444,261	1,590,528	2,034,789	457,360
2006	394,543	1,617,606	2,012,149	480,000
2007	368,233	1,583,994	1,952,227	539,922
2008*	349,994	1,602,233	1,952,227	539,922

* estimated

Property Taxes and Taxable Value Changes

Challenges with property values in the current Michigan economy have been very well publicized. A number of factors are impacting the market value of properties including foreclosures, properties on the market for extended periods of time, properties selling below market value, etc. Property tax assessments are being completed currently for the 2008 tax year and tax rolls will not be finalized until May 2008. However, early indications are that declines in state equalized value may threaten the inflationary growth in taxable value that communities had been experiencing following the passage of Proposal A. We caution the Township to keep this in mind as it reviews the expected financial results for 2008, its budget for 2009, and the next few years thereafter.

As a response to the situation with the real estate market, legislation is being discussed in Lansing to adjust the mechanics of the general property tax act. The nature of the legislation has ranged from the suspension of the "pop-up" or increase in taxable value that occurs when a property sells or a "super cap" on taxable value that prohibits an increase in taxable value when market values are declining. The outcome of this legislation could also have a significant impact on the Township.

Lastly, more personal property tax relief is also part of the new Michigan business tax. Business personal property classified as "industrial" or "commercial" will be exempt from certain personal property taxes - specifically from the State Education Tax (SET) and local school operating mills. Industrial personal property will receive exemptions from the six SET mills and the 18 schools operating mills (for a total of 24 mill exemptions). Commercial personal property will be exempt from 12 of the 18 school operating mills.

Charter Township of Van Buren

Informational (Continued)

Retiree Health Care and New Accounting Standards

The Township will be required to implement GASB No. 45 in the year ending December 31, 2008. GASB No. 45 requires a governmental unit to measure its retiree healthcare liability through actuarial valuations that are to be performed at least biennially. These valuations compute an annual required contribution (ARC). The annual required contribution is the amount the actuary believes is necessary to fund the benefit over a period of 30 years or less.

Municipal Finance Act

The Municipal Finance Act was amended several years ago. Communities are now required to submit a filing once a year with the Michigan Department of Treasury. The old 10-day "exemption from prior approval" process has been eliminated and is replaced with this qualification process. This filing will serve as a pre-approval for future debt issues. The current filing is due within six months of the Township's 2007 year end and is good for one year thereafter. The Township should consider the need to file a qualifying statement for each of its component units.

Downriver Sewer System

As mentioned in previous years, the Township, along with several other communities in the Downriver Sewer System, are currently upgrading the system as a result of litigation brought by the U.S. Environmental Protection Agency. This upgrading is being administered by Wayne County, which includes the issuance of debt on behalf of the communities and construction and cash management. During our audit, the County was unable to confirm to us that all property taxes submitted to the County have been credited to "our account." The Township should follow up with County personnel to determine that all payments to the County are credited to Township accounts.

New Audit Standards Effective for the Audit of the Year Ended December 31, 2007

Several additional audit standards required implementation during the Township's financial statement audit. These new rules - formally called Statements on Auditing Standards Nos. 104 through 111 and known collectively as the new Risk Assessment Standards - significantly changed the procedures auditors must perform in all financial statement audits. These changes to auditing standards are a direct result of the major corporate scandals (i.e., Enron, Worldcom) that happened several years ago and are designed to strengthen the confidence of users in audited financial statements.

Charter Township of Van Buren

Informational (Continued)

Under these new rules, we were required to:

- More thoroughly examine and evaluate the Township's accounting processes and controls, including the overall control environment, key controls over significant transactions, the quality of internal oversight of the financial reporting process, and information technology general controls
- More thoroughly assess and document conditions in the Township's systems and processes that create risks of material misstatement in its financial statements, and perform additional testing in response to these risks
- Design and perform more analytical tests of accounting and financial data
- Apply more stringent standards in identifying, assessing, and communicating internal control deficiencies
- Communicate more information about the results of the auditor's work to individuals involved in overseeing strategic direction and accountability for operations

As a result of these new rules, we were required to make more detailed and specific requests for information from the Township, particularly about processes and controls.

We would like to thank the board of trustees, supervisor, clerk, treasurer, and other departmental staff for the courtesy and cooperation extended to us during the audit. We appreciate the continued opportunity to serve as your auditors for the Township. We would be happy to answer any questions you have regarding the annual financial report, or the above comments and recommendations at your convenience.